



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 4, 2002

H.R. 4701 **Sports Agent Responsibility and Trust Act**

*As ordered reported by the House Committee on Energy and Commerce
on September 25, 2002*

H.R. 4701 would impose certain restrictions on contracts between sports agents and student athletes. For example, the bill would prohibit sports agents from making false promises or offering gifts to solicit such a contract. These new rules would be enforced by the Federal Trade Commission (FTC) through civil penalties and by the states.

CBO estimates that enacting H.R. 4701 would not have a significant impact on the federal budget. Based on information from the FTC, CBO expects that enforcing H.R. 4701 would take place mostly at the state level. Therefore, CBO expects that any increase in civil penalties resulting from the enactment of H.R. 4701 would be insignificant. (Such penalties are recorded in the budget as revenues.) Similarly, we estimate that implementing H.R. 4701 would increase the FTC's costs by less than \$500,000 annually, assuming the availability of appropriations.

H.R. 4701 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

H.R. 4701 would impose private-sector mandates, as defined by UMRA, on certain sports agents and student athletes. CBO estimates that the direct costs of the mandates would fall well below the annual threshold established by UMRA for private-sector mandates (\$115 million in 2002, adjusted annually for inflation).

In general, H.R. 4701 would prohibit sports agents from recruiting or soliciting a student athlete by giving any false or misleading information or making a false promise or representation. H.R. 4701 would prohibit a sports agent from providing anything of value to a student athlete or anyone associated with the athlete before entering into a contract. An agent also would be required to provide a student athlete with a specific disclosure document before entering into an agency contract and could not predate or postdate such a contract. The bill also would require a student athlete, or the athlete's parents or legal guardian if the

student is under the age of 18, to sign the disclosure document prior to entering into an agency contract. In addition, the bill would require the sports agent and student athlete to each inform the student's educational institution within a specific time that the athlete has entered into an agency contract. Based on information from government sources, CBO estimates that the direct cost of the mandates would fall well below the annual threshold established by UMRA for private-sector mandates.

The CBO staff contacts for this estimate are Ken Johnson (for federal costs), Angela Seitz (for the state and local impact), and Paige Piper/Bach (for the private-sector impact). The estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.